



Fireman's Fund
Insurance Company

December 16, 1997

Michael David Lichtenstein
Lowenstein, Sandler
65 Livingston Avenue
Roseland, NJ 07068-1791



FFIC CLAIM NO: 105-97-129939
INSURED: THE MARMON GROUP
SITE: Bunker Hill Facility/Coeur d'Alene Basin, Idaho

Dear Mr. Lichtenstein:

We have received your letter dated October 31, 1997 notifying us that the United States and the Coeur d'Alene Tribe are seeking to amend their complaints to add Group R Co., Inc. as a defendant. The plaintiffs seek to recover clean up costs and natural resource damages incurred at the Bunker Hill facility, including the Coeur d'Alene Basin, in Northern Idaho.

We understand that Group R Co., Inc. is seeking coverage for the above-mentioned claims under the following comprehensive liability policy issued by National Surety Corporation to The Marmon Group.

POLICY	POLICY PERIOD	LIMIT
LC 2045403	9/1/73-8/1/75	\$200K(PD)

According to the information provided to us, Group R Co., Inc. is the successor by merger to the Golconda Corporation. Our insured first acquired an interest in Golconda Corporation in 1976, when the insured merged with the Cerro Corporation, which owned 85% of the shares in Golconda. Since the above policy predates the merger between Marmon and Cerro, it does not apply to any liability of Group R. Therefore, we must disclaim all indemnity and defense obligations to Group R Co., Inc. in this matter under this policy.

This disclaimer of coverage may be supported by other provisions of the subject policy, including but not limited to, the definitions of "occurrence" and "property damage", and the application of the pollution and owned property exclusions. We do not waive any rights or coverage defenses whether or not such rights or defenses are set forth herein.

Our position on coverage is based upon the information provided to date. If there are any additional facts you would like us to consider, please submit them to us for review. We reserve the right to amend or

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Environmental Claims Facility, 777 San Marin Drive, Novato, CA 94988-3400

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supplement this disclaimer of coverage based on information not yet provided to us.

If you have any questions, please do not hesitate to contact me.

Sincerely,



David McCormack
Senior Litigation Analyst
PHONE: (415)899-3917
FAX: (415) 899-3663

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Addressees:

Michael David Lichtenstein
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